



MEMORANDUM

Date: April 12, 2006

To: California Highway Patrol
P.O. Box 942898
Sacramento, CA 94298-0001

Attn: Juvencia Romo, SSM1
Purchasing Services Unit

From: Purchasing Authority Management Section
Procurement Division, Department of General Services
707 Third Street, Second Floor South, West Sacramento, CA 95605

Subject: **PURCHASING PROGRAM COMPLIANCE REVIEW**
Review Period: May 1, 2005 through November 30, 2005
Review Conducted: February 14 through February 24, 2006

In accordance with Public Contract Code Sections 10333(b) and/or 12101 and State Administrative Manual Section 5210.1, the Procurement Division (PD) conducted a purchasing program compliance review of the California Highway Patrol (CHP). The review was conducted to determine the extent of adherence to statutory, regulatory, policy, and/or purchasing authority requirements. The review also considered acquisition quality issues and aspects of good business management. The review findings and recommendations are included in this document. If you have any questions or need additional information, please contact the Acquisition Compliance Specialist that conducted the compliance review as indicated in the signature section of this report.

Goods Base Delegation [X] 9G-0906-CHP-HQ1		IT Base Delegation [] 9I-0906-CHP-HQ1		Goods Expanded Delegation [] Goods Special Delegation []		Other Programs	
Total Reported:	881	Total Reported:	43	Total Reported:			
Total Reviewed:	200	Total Reviewed:	43	Total Reviewed:	N/A		
Total # < \$5,000	115	Total # < \$5,000	22	Total # < \$100,000		Total # CMAS Non-IT/IT Orders Reviewed	119/9
Total # \$5,000 - \$50,000	63	Total # \$5,000 - < \$100,000	21	Total # \$100,000 - \$500,000		Total # Master Agreement Orders Reviewed	15
Total # > \$50,000	7	Total # \$100,000 - 500,000	0	Total > \$500,000		Total # Statewide Contract Orders Reviewed	20
Total # NCB	2	Total # > \$500,000	0	Total # NCB		Total # State Price Schedule Orders Reviewed	0
Total # GC 14838.5	13	Total # NCB	0			Total # WSCA Orders Reviewed	0
		Total # GC 14838.5	0			Total # CAL-Card Statements/ Transactions Reviewed	75/556
						Total # Invoices Reviewed	15

Scope of Review:

- Transactions from the following programs were reviewed as applicable to CHP's purchasing program:
 - Goods Base Purchasing Authority
 - Goods Expanded Purchasing Authority
 - Information Technology Base Purchasing Authority
 - California Multiple Awards Schedules (CMAS)
 - Master Agreements
 - Statewide Contracts
 - State Price Schedules
 - Western States Contracting Alliance (WSCA)
 - CAL-Card
- Invoices were reviewed for payment processing compliance.
- The current review encompassed purchase transactions for the period May 1, 2005 through November 30, 2005.
- The last compliance review of CHP's purchasing program was March, 2003.
- The findings and recommendations contained in this report are based on those transactions reviewed during the current review.

Findings/Recommendations Summary:

1. **General.** PD commends CHP for recognizing the importance of considering small business and DVBE suppliers. Revisions to purchase documents must be made by amendment, not by hand correcting. All transactions, including amended and canceled transactions, must be reported to PD monthly. CHP must identify the purchasing authority number used on all purchase documents. A copy of the seller's permit or certification of registration is required to be obtained and documented in the procurement file for any tangible personal purchase regardless of the dollar value, procurement method or payment method. See Appendix A, attached.
2. **Goods Base Purchasing Authority.** Departments must consider purchasing from PIA. If the product is not available from PIA, a copy of the approved PIA waiver request must be included in the transaction file. CHP must solicit OSP for printing projects in excess of \$5,000. CHP must obtain OFA approval for tire and tractor purchases. Departments may not execute a transaction that exceeds the approved purchasing authority limit. Responsive bids must be obtained from at least two responsible bidders on transactions valued at \$5,000 or more. Transactions valued under \$5,000, including those using CAL-Card as payment method, must include documentation of how CHP determined that the cost was fair and reasonable. CHP must include the State's General Provisions in all transactions, including those using CAL-Card as payment method. CHP must offer a 5 percent preference to certified small businesses when conducting a competitive solicitation. See Appendix B, attached.
3. **Goods Expanded Purchasing Authority.** CHP does not have an expanded purchasing authority. Appendix C is not applicable.
4. **Information Technology Base Purchasing Authority.** Transactions must reflect project approval or, if project approval is not required, the file documentation must state why it is not required. CHP must obtain and include in the file documentation a signed letter from a supplier verifying that a product is "proprietary". Appendix D, attached.
5. **CMAS Orders.** Transactions must reflect project approval or, if project approval is not required, the file documentation must state why it is not required. CHP must determine its criteria for obtaining best value and include documentation of how and why a CMAS supplier is selected for transactions valued at \$5,000 or more. CHP must include the cover page and relevant pages that support the purchase in the transaction file. Transactions valued under \$5,000 must include documentation of how CHP determined that the cost was fair and reasonable. CHP must obtain three offers, including one DVBE and/or small business (if available) from CMAS vendors for transactions valued at \$5,000 or more. See Appendix E,

attached.

6. **Master Agreement Orders.** Transactions must reflect project approval or, if project approval is not required, the file documentation must state why it is not required. CHP must include in the purchase file, the Master Agreement cover page and the relevant pages from the Master Agreement Contract that supports the purchase. Transactions valued over \$250,000 must be reported to DGS within 5 working days of award using the NCA. Transactions may not be split. Transactions for services must include a Statement of Work. See Appendix F, attached.
7. **Statewide Contract Orders.** Transactions must reflect project approval or, if project approval is not required, the file documentation must state why it is not required. CHP must include in the purchase file, the Statewide Contract Agreement cover page and the relevant pages from the Statewide Contract that supports the purchase. See Appendix G, attached.
8. **State Price Schedule Orders.** CHP did not execute State Price Schedule Orders during the period covered by the review. Appendix H is not applicable.
9. **Western States Contracting Alliance Orders.** CHP did not execute Western States Contracting Alliance Orders during the period covered by the review. Appendix I is not applicable.
10. **CAL-Card Transactions.** CAL-Card Statements of Account must be signed by the cardholder and the CAL-Card approving official. All transactions must include a receipt to detail the items purchased. See Appendix J attached.

Conclusion:

CHP's purchasing program appears to be well managed. CHP staff appears to be very knowledgeable of the State's laws, regulations, policies, and PAM requirements. CHP's file documentation is very organized and consistent which made it easy to track the procurement process. CHP staff are very conscientious and attentive to the organization and structure of their transaction files. All transaction files included the necessary documentation that supports the purchase. CHP utilizes a variety of available resources, including competition, CMAS, Master Agreements, and Statewide contracts. CHP procurement staff is encouraged to thoroughly review the Purchasing Authority Manual particularly as it applies to the findings contained in this report.

CHP must submit a status report on the corrective action taken to resolve the findings in this report no later than July 31, 2006. CHP must take steps to ensure that the findings contained in this report are addressed in a timely manner.

DGS/PD encourages all departments to be aware of the important role SB's and DVBE's play in California's economy and to consider certified SB's and certified DVBE's in their procurement programs whenever possible. The department is reminded that the SB/DVBE Option created by Government Code section 14838.5 enables the department to conduct competitive procurements valued \$5,000.01 to \$99,999.99 that targets only certified SB's or certified DVBE's."

As always, the Purchasing Authority Management Section (PAMS) is available to provide advice on acquisition laws, policies, and procedures. In addition, the PD's California Procurement and Contracting Academy (Cal-PCA) offers professional development courses and seminars to the state procurement and contracting community. The Cal-PCA web page contains course descriptions and schedules, enrollment information, and other useful information and can be accessed at www.pd.dgs.ca.gov.

Review Conducted By:	Unit and Phone Number	Date
Amy Cooper, Acquisition Compliance Specialist	Purchasing Authority Management Branch Procurement Division Department of General Services (916) 375-4549	
Procurement and Contracting Officer:	Unit and Phone Number	Date
Brian McNamara, Commander	Business Services Section California Highway Patrol (916) 375-2963	
Purchasing Authority Contact:	Unit and Phone Number	Date
Juvencia Romo, SSM1	Purchasing Services Unit California Highway Patrol (916) 375-2989	
Additional Participant:	Unit and Phone Number	Date
Judy Gunter, BSO II	Purchasing Services Unit California Highway Patrol (916) 375-2103	

GENERAL				
Item	Agency Order Number(s)	Finding	Recommendation	Response
1.	N/A	<u>Agency Order Number</u> . CHP uses a transaction numbering system that creates a unique identity for each individual transaction.	No recommendation.	
2.	N/A	<u>Consideration of DVBE/Small Businesses</u> . Reviewed transactions reflected small business and DVBE consideration.	PD commends CHP for recognizing the importance of considering small business and DVBE suppliers.	
3.	N/A	<u>Contract Award Report</u> . Contract Award Reports were not included or referenced in the file documentation for transactions over \$5,000. PD notes that CHP maintains evidence that Contract Award Reports are submitted in its computer database, and that its computer system automatically creates a Contract Award Report for each transaction over \$5,000. Contract Award Reports are submitted to DFEH daily, as needed.	No recommendation.	
4.	N/A	<u>File Documentation, Structure, and Access</u> . All information and documentation was easy to locate. CHP maintains its purchasing files in a uniform manner. All files were readily available for review.	PD commends CHP for recognizing the importance of accurate and organized transaction files and for maintaining uniform, complete, and accessible purchasing files.	
5.	N/A	<u>Payee Data Record</u> . CHP's Accounting Office maintains the Std. 204s and stated that it will not pay an invoice without a Std. 204 on file for that supplier.	No recommendation.	

6.	860D5001 818D5000 76WD4182 765D5006 685D5004 630H5004 147H5001 101H4035 091D5065 023D5000	<u>Payment.</u> CHP did not process six invoices within the timeframe required by Government Code Section 927.4. CHP was unable to provide the date goods/services were received for eight invoices.	CHP must ensure timely processing of supplier invoices. PD recommends CHP educate program staff on the importance of timely forwarding of authorized invoices and receipt documentation. CHP must submit undisputed invoices to the State Controllers Office within thirty days of receipt by the department, or process by revolving fund within 45 days. CHP is reminded that late payment penalties must automatically be paid without requiring that the contractor submit an additional invoice for those amounts. In addition, Department's are required to maintain, in the Procurement file, documentation as to when goods and services are received. See PAM 9.A1.1	Need commitment.
7.	076D4064 076D5000	<u>Purchase Order.</u> CHP "hand corrected" two transactions on the original purchase order, rather than prepare an amended purchase document.	Revisions to purchase documents must be made by amendment, not by hand correcting the purchase document. See PAM 8.7.	Need commitment.
8.	N/A	<u>Purchases Under GC Section 14838.5.</u> CHP is aware of and uses the DVBE/small business program authorized by GC Section 14838.5. On several occasions the GC Section 14838.5 box was incorrectly checked on the Std. 65 for transactions that were not within the GC Section 14838.5 criteria.	CHP must correctly apply the DVBE/small business program authorized by Government Code Section 14838.5. In accordance with the Users Instructions on the backside of the Std. 65, the department must identify transactions executed under GC Section 14838.5 by checking the appropriate box on the face of the Std. 65. See PAM 4.A5.	Need commitment.
9.	N/A	<u>Stock Received Report.</u> All transaction files included a stock received report.	No recommendation.	
10.	025D4015 062D5016 076D4056 076D5006/2 076D4064 076D5000 047D4086	<u>Transaction Reporting.</u> Four cancelled and three hand amended transactions were not reported to DGS/PD.	All transactions, including amended and canceled transactions, prepared under CHP's purchasing authority must be reported to PD monthly. CHP is required to submit all unreported purchase order transactions to the DGS/PD Data Capture Unit within 60 days. In addition, confirmation of the actual submission of the unreported transactions shall be made when CHP submits its status report on the due date indicated in the Conclusion section of this report. See PAM Chapter 12, Topic 1.	Need commitment.

11.	Samples: 041D5006 041D5008 044H4083 044H4084 044H4089	<u>Purchasing Authority Number.</u> CHP's purchasing authority number was not entered in the "Purchasing Authority Number" box on the Std. 65 for two IT transactions, one hundred twenty-eight CMAS transactions, fifteen Master Agreement transactions, and twenty Statewide Contract transactions.	CHP's purchasing authority number identifies the department's authority to solicit suppliers and execute purchase documents. In accordance with the User Instructions on the backside of the Std. 65, the department must identify the purchasing authority used on all purchase order documents. When applicable, the department's purchasing authority number must also be entered in the "Purchasing Authority Number" box on the Standard Agreement for IT Goods/Services Only (Std. 213-IT). See PAM 1.7.0-0.7.7 & 6.B4.0.	Need commitment.
12	Samples: 018D5014 038D4004 040D4009 047D4080 076D5033/1 091D4340 091D4352 091D4353 091D4433	<u>Seller's Permit.</u> Nine non-IT competitive transactions, one hundred-fifty LPA transactions, and transactions using CAL-Card as a payment method executed for the purchase of tangible personal property did not include a copy of the seller's permit or certification of registration in the procurement file nor did the procurement file include a written justification from the department's director or designee that detailed the reasons why the transaction was exempt from the requirement to obtain a copy of the seller's permit or certification of registration.	A copy of the seller's permit or certification of registration is required to be obtained and documented in the procurement file for any tangible personal purchase regardless of the dollar value, procurement method or payment method. PCC 10295.1 identifies the only exceptions to the requirement where a department director or his designee makes a written finding that the purchase is necessary to meet a compelling State interest. A "compelling State interest" includes, but is not limited to, the following: <ul style="list-style-type: none"> • Ensuring the provision of essential services. • Ensuring the public health, safety and welfare. • Responding to an emergency, as defined in PCC Section 1102. In order to support a purchase based upon one of the above exceptions, the director's or his designee's written finding must be included in a department's purchase file documentation. See PAM 4.B9.5.	Need commitment.

2.	038D5001 055D4036 055D5000 062D5008 076D4057 001D5000 020D4023 020D5000 020D5001 025D4016 047D5009 047D5019 091D4391 091D4405 091D4415 065D4020 065D4036 065D4037 091D4288 040D5001	<p><u>Authority.</u></p> <ul style="list-style-type: none"> • Five transactions exceeded CHPs purchasing authority limit. • Ten transactions were for tires and installation service. Tires and installation service must be purchased using an LPA. • Five transactions executed under the goods base purchasing authority should have been executed under CHP's IT base purchasing authority. • Four transactions for promotional items did not include a business justification. 	<ul style="list-style-type: none"> • Departments may not execute a transaction that exceeds the approved purchasing authority limit. DGS/PA must conduct transactions that exceed a department's purchasing authority limit. See PAM 1.2. • State departments must obtain Office of Fleet Administration (OFA) approval for purchases of tires. Tires must be purchased from a CMAS contractor and is required to have three bids. Evidence of OFA approval must be maintained in the transaction file. See PAM 2.1 and OFA State Fleet Handbook. A copy of OFA's handbook is available at www.ofa.dgs.ca.gov. • CHP's non-IT purchasing authority is intended for the acquisition of non-information technology goods. The acquisition of information technology goods was previously allowed only on an incidental and occasional basis and was no longer allowed effective 3/04. See PAM 1.1-5. • All purchases made under CHP's purchasing authority must be for justifiable expenditures of state funds. In accordance with the California State Constitution, Article 16, Section 6, any gift of public funds is strictly prohibited. All expenditures must support the department's mission (function and purpose) and benefit the State to not be considered gifts or public funds. For allowable purchases of promotional items, CHP must include a business justification stating CHP's mission for the expenditure in the transaction file. See PAM 2.A2.0 – 2.A2.6. 	Need commitment.
3.	091D4391	<p><u>Bids.</u> CHP did not obtain more than one bid for one transaction that totaled \$5,000 or more.</p>	<p>Responsive bids must be obtained from at least two responsible bidders on transactions valued at \$5,000 or more. To establish a competitive range, more than two bids are desirable. A "no bid" is not considered as receiving a bid. Bids must be fully documented with each line item listed and unit prices extended for each supplier. Bids must be for comparable items and quantities. PD recommends CSL use a Bid/Quote Worksheet for all purchases of \$5,000 or more and for purchases under \$5,000. See PAM 4.C1.</p>	Need commitment.

			transactions in accordance with the calculation methodologies discussed in the PAM. See PAM 3.4.	
10.	N/A	<u>Split Orders</u> . No evidence of split orders was identified.	No recommendation.	
11.	N/A	<u>Transaction Forms</u> . CHP used the most current version of the Std. 65 for all transactions.	No recommendation.	

GOODS EXPANDED PURCHASING AUTHORITY				
Item	Agency Order Number(s)	Finding	Recommendation	Response
1.		<u>Advertising and Posting/Bidder Lists.</u>		
2.		<u>Approvals.</u>		
3.		<u>Authority.</u>		
4.		<u>Award/Award to Other Than Low Bidder and Notice.</u>		
5.		<u>Bid Date/Time and Opening.</u>		
6.		<u>Bidders Instructions.</u>		
7.		<u>Bids.</u>		
8.		<u>Purchasing Authority Number.</u>		
9.		<u>Disabled Veteran Business Enterprise.</u>		
10.		<u>Evaluation.</u>		
11.		<u>General Provisions/Clauses.</u>		
12.		<u>Interested Suppliers.</u>		
13.		<u>Non-Competitively Bid (NCB) Contract Justification.</u>		
14.		<u>Notice of Contract Award (NCA).</u>		
15.		<u>Preference Application-Small Business.</u>		
16.		<u>Preference Application-EZA/LAMBRA/TACPA.</u>		
17.		<u>Progress Payments.</u>		
18.		<u>Protest.</u>		

19.		<u>Solicitation/Specifications.</u>		
20.		<u>Split Orders.</u>		
21.		<u>Supplier Base Management Reporting.</u>		
22.		<u>Transaction Forms.</u>		

INFORMATION TECHNOLOGY BASE PURCHASING AUTHORITY				
Item	Agency Order Number(s)	Finding	Recommendation	Response
1.	N/A	<u>Addenda</u> . Transactions reviewed were not subject to this requirement.	No recommendation.	
2.	N/A	<u>Advertising</u> . Transactions for services exceeding \$5,000 were advertised in the California State Contracts Register.	No recommendation.	
3.	Samples: 041D4000 041D4001 041D4002 041D4003 041D4087 041D4088 041D5000 041D5004 041D5006	<u>Approvals/Authorizing Signatures</u> . Thirty-four transaction files did not include documentation of project approval.	Transactions must include project approval or, if project approval is not required, the file documentation must state why it is not required. If a certificate of compliance or Desktop and Mobile Computing Policy (DMCP) documentation is required, a copy must be included in the transaction file. The certificate must be signed in accordance with SAM Section 4832. See PAM 2.C6&7.	Need commitment.
4.	N/A	<u>Authority</u> . All of the reviewed transactions were within CHP's purchasing authority limit.	No recommendation.	
5.	N/A	<u>Award</u> . All transactions reviewed appeared to have the award made to the lowest responsive bidder.	No recommendation.	
6.	N/A	<u>Bid Lists</u> . CHP maintains bid lists of suppliers interested in doing business with the State or the department.	No recommendation.	
7.	N/A	<u>Bidder Instructions/RFP or IFB Section II</u> . Reviewed transaction files included or referenced Bidder Instructions for written solicitations over \$5,000.	No recommendation.	
8.	N/A	<u>Bids Minimum Number</u> . CHP obtained more than one bid on transactions valued at \$5,000 or more.	No recommendation.	
9.	N/A	<u>Confidential Discussions</u> . Transactions reviewed were not subject to this requirement.	No recommendation.	

10.	N/A	<u>Confidentiality Statement.</u> Transactions reviewed were not subject to this requirement.	No recommendation.	
11.	N/A	<u>Contract Elements.</u> Transactions reviewed included all applicable contract elements.	No recommendation.	
12.	N/A	<u>Contract Modules.</u> Solicitations reviewed included the applicable IT Special Provisions when required.	No recommendation.	
13.	N/A	<u>Cost Proposal.</u> Transactions reviewed were not subject to this requirement.	No recommendation.	
14.	Samples: 041D4000 041D4001 041D4002 041D4003 041D5000 041D5004 041D5006 041D5008 041D5012 047D4041	<u>Disabled Veteran Business Enterprise (DVBE).</u> Thirty of the procurement files did not contain evidence that the solicitation included DVBE participation program requirements nor did the procurement file documentation include Director exemption.	A department director or designee has the discretion to exempt the inclusion of DVBE participation from individual solicitations; however, when the solicitation requires DVBE participation, the solicitation must identify the DVBE program requirements. When applicable, the solicitation must require bidders to commit to full DVBE participation, document support of the Good Faith Effort, or provide a DGS-PD approved Business Utilization Plan. See PAM 3.3 & 4B.2&6.	Need commitment.
15.	N/A	<u>Evaluation.</u> All transactions reviewed detailed the evaluation process.	No recommendation.	
16.	N/A	<u>Fair and Reasonable Documentation.</u> All reviewed transactions under \$5,000 included documentation of how CHP determined that the cost was fair and reasonable.	No recommendation.	
17.	N/A	<u>General Provisions/Clauses.</u> CHP included or incorporated by reference the General Provisions in all reviewed transactions.	No recommendation.	
18.	041D5008	<u>Non-Competitively Bid (NCB) Contract Justification.</u> One transaction did not include a signed letter from the supplier verifying that the product was "proprietary".	Documentation supporting the non-competitive status of the purchase of proprietary software, proprietary software maintenance and/or upgrade contracts must be kept in the procurement file. Documentation must consist of a letter from the software publisher and/or manufacturer that states maintenance or purchase is not available from any other source.	Need commitment.

			It will always be the responsibility of the department to maintain this documentation in the procurement file. See MM 03-10, Attachment C, Section 6. See PAM 5.5.	
19.	N/A	<u>Notice of Contract Award (NCA)</u> . Transactions reviewed were not subject to this requirement.	No recommendation.	
20.	N/A	<u>Preference Application-Small Business</u> . Transactions reviewed were not subject to this requirement.	No recommendation.	
21.	N/A	<u>Preferences EZA, LAMBRA, TACPA</u> . Transactions reviewed were not subject to this requirement.	No recommendation.	
22.	N/A	<u>Procurement Summary and Bid Quote Worksheet/Evaluation & Selection Report</u> . Reviewed transactions did provide a summary of the evaluation of bids and awards.	No recommendation.	
23.	N/A	<u>Protest</u> . Transactions reviewed were not subject to this requirement.	No recommendation.	
24.	N/A	<u>Question and Answer Sets</u> . Transactions reviewed were not subject to this requirement.	No recommendation.	
25.	N/A	<u>Solicitation</u> . Procurement files reviewed included the solicitation documents or the solicitation content of the applicable sample solicitation contained in PAM.	No recommendation.	
26.	N/A	<u>Split Orders</u> . No evidence of split orders was identified.	No recommendation.	
27.	N/A	<u>Statement of Work</u> . Reviewed transactions for services included a statement of work.	No recommendation.	
28.	N/A	<u>Transaction Forms</u> . CHP used the most current version of the Std. 65 for all reviewed transactions.	No recommendation.	

CMAS Orders				
Item	Agency Order Number(s)	Finding	Recommendation	Response
1.	041D5011 041H4077 041H4081 041H4082 041H5002 041H5006 041H5013 047H4073 062H4029 055H5006 052H5013 051D5002	<u>Approvals</u> . Twelve transactions did not include the required approvals.	Transactions must include project approval or, if project approval is not required, the file documentation must state why it is not required. If a certificate of compliance or Desktop and Mobile Computing Policy (DMCP) documentation is required, a copy must be included in the transaction file. The certificate must be signed in accordance with SAM Section 4832. See PAM 2.C6 & 7.	Need commitment.
2.	N/A	<u>Authority</u> . The reviewed transactions appeared to be placed against an active CMAS contract.	No recommendation.	
3.	076H4061	<u>Best Value Determination & Documentation</u> . One of the reviewed transactions valued at \$5,000 or more did not include the criteria used to determine why the supplier was selected.	Transactions valued at \$5,000 or more must include documentation of how and why a supplier is selected. To make a best value determination, the department must identify which of their needs qualify as critical and important; selection is then made based on that criterion. Documentation of the market research the department used to determine best value must include at a minimum: <ul style="list-style-type: none"> • Evidence of what the department determined to be critical and important, e.g., defines the requirements. • How or why the supplier selected provides the "best value" for the products and/or services obtained. Departments must be aware of language used to conduct market research; do not confuse the contractor by referring to your CMAS market research and evaluation as a "bid"; but rather clarify that you are comparing "offers" to determine best value. See CMAS Agency Information Packet Section 5. Also see PAM 6A.3 & B.2.	Need commitment.
4.	N/A	<u>Bundled Pricing</u> . None of the reviewed transactions contained bundled pricing.	No recommendation.	

5.	N/A	<u>Contract Number.</u> The CMAS contract number was entered in the "Leveraged Procurement Agreement No." box on the Std. 65 for the reviewed transaction.	No recommendation.	
6.	Samples: 091H4354 126H4012 255H4015 855H4017 535H4025	<u>Contract Documentation.</u> CHP obtained a complete copy of each CMAS contract against which it places orders. CMAS transaction file documentation did not include all of the relevant CMAS contract documentation for one hundred fourteen reviewed transactions.	CHP must include in the purchase file, the CMAS contract cover page and the relevant pages from the CMAS contract and/or GSA contract that support the purchase. See PAM 6.A.3.	Need commitment.
7.	091H4354 855H4017 320H4014 091H4345 330H4013 201H5004 390H5002 375H5000 295H5004 320H5008	<u>Fair & Reasonable Documentation/Price Negotiations.</u> Ten transactions under \$5,000 did not include documentation of how CHP determined that the cost was fair and reasonable.	More than one offer is not required for transactions under \$5,000 if the department can establish that the cost is fair and reasonable. Supporting documentation of how the department determined that the cost is fair and reasonable must be maintained in the transaction file. If the standard of fair and reasonable cannot be attained and documented, then the department must obtain more than one offer. See PAM 6.B2.	Need commitment.
8.	N/A	<u>Multiple Contracts.</u> Reviewed transactions were not placed against multiple CMAS contracts.	No recommendation.	
9.	N/A	<u>Not Specifically Priced (NSP) Items.</u> Reviewed transactions did not include NSP items.	No recommendation.	
10.	N/A	<u>Notice of Contract Award.</u> None of the transactions were subject to this reporting requirement.	No recommendation.	
11.	076H4061	<u>Offers.</u> CHP did not obtain three offers for one transaction valued at \$5,000 or more; the CMAS transaction file did not include documentation of the solicitation method used for the transactions that reflected less than three offers were received.	Departments must solicit a minimum of three suppliers, including one DVBE and/or small business (if available) for transactions valued at \$5,000 or more. If only one offer is received, the file documentation must include the reasons why the other two suppliers did not respond with an offer. Likewise, if only two offers are received, the file documentation must include the reason why the third supplier did not respond. If only one source is known, the non-competitive bid contract process must be	Need commitment.

			followed or departments must conduct a competitive solicitation, if suppliers are known outside of CMAS contractors that can meet the department's requirements. Departments must make a valid attempt to secure competition from viable contractors who are able to supply the goods and/or provide services. Neither a lack of sufficient CMAS contracts nor the use of restrictive requirements meets the intent for achieving competition. See PAM 6.B2.	
12.	N/A	<u>Order Limits</u> . The reviewed transactions were within the applicable CMAS order limits.	No recommendation.	
13.	N/A	<u>Split Orders</u> . No evidence of split orders was identified.	No recommendation.	
14.	N/A	<u>Statement of Work</u> . Transactions for services included a statement of work.	No recommendation.	
15.	N/A	<u>Terms and Conditions</u> . Transactions reviewed included or reference the State's Terms and Conditions.	No recommendation.	
16.	N/A	<u>Transaction Forms</u> . CHP used the most current version of the Std. 65.	No recommendation.	

Master Agreement Orders				
Item	Agency Order Number(s)	Finding	Recommendation	Response
1.	Samples: 044H4083 044H4084 044H4085 044H4086 044H4089	<u>Approvals</u> . Fourteen of the reviewed transactions did not include the required approvals.	Transactions must include project approval or, if project approval is not required, the file documentation must state why it is not required. If a certificate of compliance or Desktop and Mobile Computing Policy (DMCP) documentation (workgroup computing justification (WCJF) prior to 8/30/04) is required, a copy must be included in the transaction file. The certificate must be signed in accordance with SAM Section 4832. See PAM 2.C6 & 7.	Need commitment.
2.	N/A	<u>Authority</u> . Transactions reviewed appeared to be placed with suppliers that have a current Master Agreement.	No recommendation.	
3.	N/A	<u>Best Value Determination & Documentation</u> . Transactions reviewed were not subject to this requirement.	No recommendation.	
4.	N/A	<u>Contract Number</u> . The Master Agreement contract number was entered in the "Leveraged Procurement Agreement Number" box on the Std. 65 or the applicable order form as defined by instructions on the Master Agreement.	No recommendation.	
5.	Samples: 044H4066 041H4072 041H4073 041H4075 041H4076	<u>Contract Documentation</u> . CHP obtained a complete copy of each Master Agreement against which it placed orders. Fifteen transactions did not include the cover page and relevant pages from the Master Agreement that support the purchase.	CHP must include in the transaction file the Master Agreement cover page and the relevant pages from the Master Agreement that supports the purchase. See PAM 6.A3.	Need commitment.
6.	N/A	<u>Fair and Reasonable Documentation</u> . All reviewed transactions under \$5,000 included documentation of how CHP determined that the cost was fair and reasonable.	No recommendation.	
7.	044H4086	<u>Notice of Contract Award</u> . One of the reviewed transactions did not have a Notice of Contract Award in the file documentation.	All executed Master Agreement purchase documents for either IT goods or services or non-IT services valued over \$250,000 must be reported to DGS within 5 working days of award	Need commitment.

			using the Notice of Contract Award (NCA). A copy of the NCA is retained in the procurement file. See PAM 6.F2.6.	
8.	N/A	<u>Offers</u> . Transactions reviewed were not subject to this criteria.	No recommendation.	
9.	041H4083 044H4084 044H4085 044H4086 044H4089	<u>Split Orders</u> . Five transactions appear to be split into a series of transactions. Transactions may not be split based solely on differing cost centers, delivery locations, etc.	A department may not split orders to circumvent the competitive bidding process or the departments delegated purchasing authority limits. PD recommends that CHP, whenever possible, develop policies and procedures to help identify commonly acquired goods or to combine similar product orders for different cost centers or delivery locations. See PAM 1.2.	Need commitment.
10.	044H4066 041H4072 041H4073 041H4075 041H4076 041H4080 041H4007	<u>Statement of Work</u> . Seven transactions for services did not include a statement of work.	CHP must include a statement of work when contracting for services. A statement of work protects the State and the contractor by identifying and documenting the details of the work to be performed and must be included for all services orders, and for goods orders when appropriate. A statement of work is unique to each order, but usually consists, for example, of some or all of the following: <ul style="list-style-type: none"> • A detailed statement of the purpose, objective or goals to be undertaken by the contractor • The job classification or approximate skill level of the personnel to be made available by the contractor • An identification of all significant material to be developed by the contractor and delivered to the State • An identification of all significant materials to be delivered by the State to the contractor • An estimated time schedule for the provision of these services by the contractor • Completion criteria for the work to be performed • The name or identification of the contractor personnel to be assigned • The contractor's work hours required to accomplish the purpose, objective or goals • The contractor's billing rates per work hour (as provided in the contract documentation) 	Need commitment.

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Statewide Contract Orders				
Item	Agency Order Number(s)	Finding	Recommendation	Response
1.	041E4050 052H5003 420H5006	<u>Approvals.</u> Three of the reviewed transactions did not include the required approvals.	Transactions must include project approval or, if project approval is not required, the file documentation must state why it is not required. If a certificate of compliance or Desktop and Mobile Computing Policy (DMCP) documentation is required, a copy must be included in the transaction file. The certificate must be signed in accordance with SAM Section 4832. See PAM 2.C6 & 7.	Need commitment.
2.	N/A	<u>Authority.</u> All orders appeared to be placed against active Statewide Contracts.	No recommendation.	
3.	N/A	<u>Contract Number.</u> The Statewide Contract number was entered in the "Leveraged Procurement Agreement Number" box on the Std. 65 for all transactions.	No recommendation.	
4.	078H4011 078H4012 078H5001 078H5003 041E4050 052H5003 420H5006	<u>Contract Documentation.</u> CHP obtained a complete copy of each Statewide Contract against which it places orders. Seven transactions did not include the cover page and relevant pages from the Statewide Contract that support the purchase.	CHP must include in the transaction file the Statewide Contract cover page and the relevant pages from the Statewide Contract that supports the purchase. See PAM 6.A.3.	Need commitment.
5.	N/A	<u>Terms and Conditions.</u> Transactions reviewed included or reference the State's Terms and Conditions.	No recommendation.	
6.	N/A	<u>Transaction Forms.</u> CHP used the most current version of the Std. 65.	No recommendation.	

Appendix H
State Price Schedule Orders

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Western States Contracting Alliance Orders				
Item	Agency Order Number(s)	Finding	Recommendation	Response
1.		<u>Approvals.</u>		
2.		<u>Authority.</u>		
3.		<u>Bundled Pricing.</u>		
4.		<u>Contract Number.</u>		
5.		<u>Contract Documentation.</u>		
6.		<u>Statement of Work.</u>		
7.		<u>Terms and Conditions.</u>		
8.		<u>Transaction Forms.</u>		